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IN THE

Supreme Court of the United States

OCTOBER TERM, 1942

CARON CORPORATION,
Petitioner,
against
R. K. O. RADIO PICTURES, INC.,
Respondent.

No. 602

PETITIONER'S REPLY BRIEF

The respondent's brief rests on the proposition that the owner of a trade-mark registered under the Act of Congress of February 20, 1905, has no rights enforceable by injunction save the right of preventing passing off; and that since respondent's motion picture is not passed off "as in any way connected with petitioner or its product or its business" (p. 5), no foundation for injunctive relief exists.

It is submitted that this view is not in keeping with the modern trend of jurisprudence which recognizes that the courts are not impotent to enjoin continuing injury to a good will symbolized by a trade-mark no matter how that injury is effected.

For example in *Varsity Sportswear* v. *Princess Fabrics Co.*, Sp. T. N. Y. Co., 1940, 174 Misc. (N. Y.) 298, pictorial trade-marks associated with such goods as Dutch Cleanser,

Maxwell House Coffee, Camel Cigarettes, Ballantine's Beer and Pontiac Motor Cars having been used with the permission of the owners of the trade-marks as fancy designs upon dress fabrics, an injunction was granted forbidding the use of the same pictorial trade-marks by a manufacturer of dress fabrics who had not obtained permission to reproduce them on his goods. This ruling the Court, expressly recognizing that the mere copying of the design—style piracy—gave rise to no cause of action, placed squarely upon the ground that "a trade-mark cannot be used without the consent of the owner" (at p. 300), and that unauthorized use, even on goods which the marks could not possibly have tended to pass off as the products of the trade-mark owners, was a wrong to them and therefore also a wrong to those whom they had authorized to use the marks. The Court, having no doubt whatever that

> "the maker of an automobile, for example, would be entitled to enjoin the use of his mark upon dress fabrics if he thought such use injurious to him * * *" (p. 304),

held that even one who is merely authorized by the owner to make such use may enjoin similar use when made by one without authority. The case is thus authority, *a fortiori,* for our contentions.

Respondent quotes (p. 4) a statement by this Court in *American Foundries* v. *Robertson,* 269 U. S. 372, that "the general purpose" of the law of trade-marks is to prevent one person from passing off his goods or his business as the goods or business of another. Starting from this correct premise, it does not follow that such is the only purpose of the law; yet this is exactly what respondent argues here.

A trade-mark protects not only the contents of a package, but also the container independently of the contents (*Elgin American Mfg. Co.* v. *Arden*, 83 F. 2nd 681, Ct. of C. & P. App. 1936).

Respondent's brief states erroneously at page 2:

> "The only identification of petitioner's perfume alleged is that petitioner's 'characteristic bottle' is visible for about three minutes in one scene" (R. 20).

The admitted fact is that during the three-minute period

> "plaintiff's trade-mark No. 318,041 shown on plaintiff's box and plaintiff's characteristic bottle of 'Fleurs de Rocaille' perfume is clearly visible" (R. 20).

It is the trade-mark registered under the Act, therefore, which is clearly visible, as well as the bottle and box on which it appears.

The dominant fact is that respondent has used petitioner's trade-mark in respondent's business for respondent's benefit without petitioner's consent and for the purpose of enhancing the saleability of respondent's goods at the expense of injury to petitioner's good will. It is not believed that failure by respondent to deal with this point will cause it to be overlooked by the Court. The same holds true of the agreement pursuant to which respondent obtained petitioner's container, an agreement formulated by respondent in its own words and which it violated by conduct amounting to fraud. Nor is there anything shown in support of the bald assertion that the question presented is neither substantial nor novel.

The respondent's contention that the case of *Old Dearborn* v. *Seagram*, 299 U. S. 183, applies only to situations

arising under the Fair Trade Acts and is, therefore, inapplicable here is without merit: the Court in passing upon the constitutionality of the Illinois Fair Trade Act found it necessary to determine as the foundation for its decision the nature of the rights of a trade-mark owner, holding specifically that outside the Act these rights included the right to prevent use of the mark without the owner's consent, even when such use involves no passing off or deceit of customers.

This holding was necessary to the decision because the statute took from the owner of property his right to sell it at his own price; and unless that right was limited by the trade-mark-owner's correlative right to prevent the use of the mark without his consent, the taking was clearly without due process of law. This right of the trade-mark-owner must have been deemed to exist outside of the Fair Trade Act, and not to have been created by it, since a statute which destroys one right by the creation of another, takes property without due process as clearly as one which simply destroys a right by direct fiat.

On this subject the Court said:

> "We are dealing here not with a commodity alone, but with a commodity plus the brand or trademark which it bears . . . Appellants own the commodity; they do not own the mark or the good will which the mark symbolizes . . . Good will is a valuable contributing aid to business—sometimes the most valuable contributing asset of the producer or distributor of commodities. And distinctive trademarks, labels and brands, are legitimate aids to the creation or enlargement of such good will" (at p. 194).

In the last analysis, respondent's contention amounts to saying that good will symbolized by a trade-mark may be impaired or destroyed by acts unauthorized by the trade-mark owner so long as this is done by use of the trade-mark, which although commercial and profitable, does not involve passing off. We submit that this is a doctrine which entails evil potentialities and which finds no support in the law.

Respectfully submitted,

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Counsel for Petitioner.

New York City, January 21, 1943.